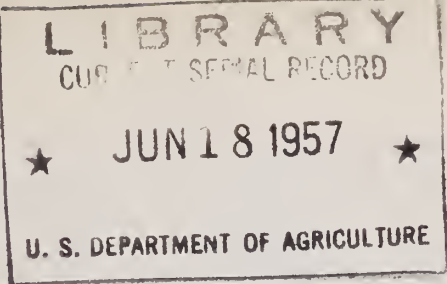


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MAY 1957 *
FOR RELEASE
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The DEMAND and PRICE SITUATION

DPS-29



Approved by the Outlook and Situation Board, May 17, 1957

SUMMARY

Demand for farm products continued high in the first quarter of 1957. Consumer income after income taxes was at an annual rate of 295.4 billion dollars, only 1 percent above the closing quarter of 1956 but more than 5 percent higher than a year earlier. Consumer expenditures for food also rose about 5 percent from the first quarter of last year. In addition to a strong domestic demand for farm products, agricultural exports in the current fiscal year are running about 45 percent ahead of a year earlier. Government export programs accounted for much of the gain.

Retail food prices dipped slightly from February to March but held at a level 4 percent above a year earlier. Farm product prices were up, with the index of prices received by farmers for January-April this year about 4 percent over the same period last year. Prices paid by farmers for goods and services used in production and family living (the parity index) also rose about 4 percent and the parity ratio was unchanged. With higher producer prices and only slightly smaller marketings, cash receipts in January-April averaged 3 percent above a year earlier.

(Continued on page 3)

ECONOMIC FACTORS AFFECTING AGRICULTURE

Item	Unit or base period	1956		1957			
		Year	Apr.	Jan.	Feb.	Mar.	Apr.
Industrial production: Seasonally adj. <u>1/</u>							
Total	1947-49=100	143	143	146	146	146	145
All manufactures	do.	144	144	147	147	147	146
Durable goods	do.	159	159	164	164	162	161
Nondurable goods	do.	129	130	131	131	131	132
Minerals	do.	129	129	130	132	133	129
Construction:							
Total outlays, seasonally adjusted <u>2/</u>	Mil. dol.	44,258	3,683	3,742	3,712	3,654	3,726
Private residential	Mil. dol.	15,339	1,297	1,211	1,187	1,157	1,145
Housing starts <u>3/ 4/</u>	Thousands	1,118	1,157	975	910	880	940
Construction contracts awarded <u>5/</u>	Mil. dol.			2,300	2,161		
Manufacturers' sales and inventories: <u>2/</u>							
Total sales, seasonally adjusted	Mil. dol.	27,586	27,231	29,183	29,130	28,933	
Durable goods	Mil. dol.	13,720	13,519	14,642	14,726	14,470	
Unfilled orders-sales ratio <u>6/</u>		4.13	4.03	4.05	4.01	4.06	
Inventory-sales ratio <u>7/</u>		1.78	1.76	1.76	1.78	1.81	
Durable goods		2.06	2.05	2.04	2.05	2.10	
Employment and wages: <u>8/</u>							
Total civilian employment <u>9/</u>	Million	65.0	64.0	62.6	63.2	63.9	64.3
Nonagricultural <u>9/</u>	do.	58.4	57.6	57.6	58.0	58.4	58.5
Unemployment <u>9/</u>	do.	2.6	2.6	3.2	3.1	2.9	2.7
Workweek in manufacturing	Hours	40.5	40.3	40.2	40.2	40.1	39.9
Hourly earnings in manufacturing	Dollars	1.98	1.96	2.05	2.05	2.05	2.05
Income and spending:							
Personal income payments <u>2/ 3/</u>	Bil. dol.	325.2	321.7	335.0	336.6	338.1	339.3
Consumer credit outstanding <u>1/</u>	Mil. dol.	41,863	38,222	40,916	40,513	40,503	
Automobile	Mil. dol.	14,436	13,892	14,389	14,410	14,501	
Total retail sales, seasonally adj. <u>2/</u>	Mil. dol.	15,956	15,541	16,439	16,494	16,322	
Durable goods	Mil. dol.	5,485	5,303	5,706	5,742	5,581	
Inventory-sales ratio <u>7/</u>		1.49	1.54	1.46	1.46	1.45	
Prices:							
Wholesale prices, all commodities <u>4/</u>	1947-49=100	114	114	117	117	117	117
Commodities other than farm and food	do.	122	122	125	126	125	125
Farm products	do.	88	88	89	89	89	91
Foods processed	do.	102	100	104	104	104	104
Consumer price index, all items <u>4/</u>	1947-49=100	116	115	118	119	119	
Food	do.	112	110	113	114	113	
Prices received by farmers <u>10/</u>	1910-14=100	236	235	238	234	237	241
Crops	do.	242	245	239	233	236	239
Livestock and products	do.	230	227	237	234	238	242
Prices paid, interest, taxes and wage rates <u>10/</u>	1910-14=100	286	284	292	294	295	296
Family living items	do.	278	274	283	284	284	285
Production items	do.	249	248	255	256	258	260
Parity ratio <u>10/</u>		83	83	82	80	80	81
Farm income and marketings: <u>10/</u>							
Volume of farm marketings	1947-49=100	118	89	119	95	91	
Cash receipts from farm marketings	Mil. dol.	2,999	1,866	2,530	2,001	1,897	

Annual data for most of these items for the years 1929, 1932 and 1939-56 appear on page 31 of the April 1957 issue of The Demand and Price Situation.

1/ Federal Reserve Board. 2/ U. S. Department of Commerce. 3/ Seasonally adjusted annual rates. 4/ U. S. Department of Labor, Bureau of Labor Statistics. 5/ Data published by the Department of Commerce in the Survey of Current Business, from reports of the F. W. Dodge Corporation. 6/ Unfilled orders for durables divided by monthly deliveries. 7/ Inventories, book value, end of month, divided by sales. 8/ Bureau of the Census. 9/ Starting with January 1957, figures are not strictly comparable with earlier periods because of changes in definitions of employment and unemployment. 10/ U. S. Department of Agriculture, Agricultural Marketing Service.

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 T H E D E M A N D A N D P R I C E S I T U A T I O N
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Approved by the Outlook and Situation Board, May 17, 1957

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Economic activity has been maintained at a high level this year as further gains in business investment, consumer spending and Government outlays more than offset a further decline in residential building and some related industries as well as a sharp cut back in demand for inventories. Business investment in new plant and equipment reached a peak annual rate of 36.9 billion dollars in the first quarter of this year, 12 percent above a year earlier. Surveys of investment plans for coming months indicate that capital outlays may remain close to current high levels. Purchases by State and local Governments were up 9 percent from the first quarter of last year and this up-trend is expected to continue in coming months. Federal spending for defense programs is also expected to rise further this year. A more than seasonal pickup in residential housing starts in April was the first sizable gain in about a year.

Commodity Highlights

Prices of meat animals for the remainder of the year are expected to remain above the depressed levels of the past two years. The relatively high hog-corn price ratio this spring probably will result in more farrowings this fall. Prices of stocker and feeder cattle are expected to pass a spring peak and then decline seasonally. Prices of fed cattle may rise gradually to a late fall high.

: The next issue of The Demand and :
 : Price Situation is scheduled for release :
 : June 25. :

So far this year the hatch of chicks for laying flock replacement has been about a fifth lower than in the corresponding period of last year and total egg production this fall and winter will be lower than last year.

Soybean prices were steady during the past month, at levels slightly above support, but around a fourth below a year earlier.

With record supplies, corn prices have made little seasonal rise this year. In early May they were substantially lower than in May 1956 and they probably will continue below a year earlier this spring and summer.

Wheat prices this summer may be expected to fall substantially below announced support but the spread may not be as large as last year because of the operation of the CCC export program.

Propective production of peaches in the Southern peach States is 12 percent above last year.

Production of vegetables for fresh market this spring is estimated at 3 percent below 1956 but 11 percent above the 1949-55 average. Intentions reports indicate a cut of about 3 percent in combined acreage of 9 vegetables for commercial processing this year.

The average price received by farmers for 1956 crop cotton is tentatively estimated at 31.7 cents per pound, slightly below the average for the 1955 crop. The cotton carryover may be reduced by about 3 million bales to about 11.5 million bales by next August. Disappearance in the 1956-57 season is estimated at about $16\frac{1}{4}$ million bales, up from 11.4 million last year, due to increased exports.

The weekly rate of domestic mill use of apparel wool in March was 8 percent below a year earlier, the fifth consecutive month that consumption was lower than a year ago. Consumption of carpet wool in March, however, was 9 percent above March last year.

Minimum support levels for 1957 crops of flue-cured, burley, and Maryland tobacco are 50.7, 51.5, and 47.8 cents per pound, respectively, all above the effective support levels on last year's crops.

GENERAL ECONOMIC CONDITIONS

The overall demand for goods and services continued its rise in the first quarter of 1957, reaching a seasonally adjusted annual rate of 427.1 billion dollars. This rate was about 24 billion dollars above a year earlier. However, final purchases, excluding inventory change, actually increased at an annual rate of 29 billion. Personal consumption expenditures accounted for 13 billion of the gain in Gross National Product. Total government purchases of goods and services, especially for national security and for State and local Government programs accounted for a gain of nearly $6\frac{1}{2}$ billion

dollars. Gross private domestic investment is only slightly above a year ago but was down nearly 8 percent from the fourth quarter of 1956, as businessmen began to work off inventories. Further small increases over the fourth-quarter in capital equipment expenditures and business construction barely offset the sharp drop in rate of inventory accumulation and declining outlays for residential construction. Net foreign investment, normally a very small part of the gross product, is running at a rate nearly 4 billion dollars higher than a year ago, reflecting the big gain in exports of goods and services. Exports in the first quarter were 28 percent above last year.

Higher prices accounted for two-thirds of the rise in value of output of goods and services during the past year, but less than half of the 3.3 billion dollars rise during the past quarter. After a slight decline in March, the Bureau of Labor Statistics wholesale price index rose in April to 117.2 percent of the 1947-49 average, nearly 4 percent above a year ago. Average prices at the consumer level also rose; in March the BLS index stood at 118.9 percent of the 1947-49 average, 4 percent above March 1956. Prices paid by farmers for family living items rose slightly from March to an all-time high, 4 percent above April 1956.

Record consumer spending is being supported by a continued rise in personal income. Incomes after taxes attained an annual rate of 295.4 billion dollars in the first quarter of 1957, up nearly $5\frac{1}{2}$ percent from a year ago. Income payments for April indicate that the rise is continuing into the second quarter; about half of the month's gain was due to increases in social security payments as farmers began drawing old-age benefits for the first time. Additions to consumer debt continued to finance part of increased consumer buying although current gains are smaller than last year. Consumer credit outstanding at the end of March totaled $40\frac{1}{2}$ billion dollars. This was 2.7 billion dollars above a year earlier and slightly above a year ago in relation to consumer disposable income. Increases in installment credit accounted for about 2.2 billion of the gain.

Retail sales have held relatively steady for the past several months at a level more than 5 percent above a year earlier. Department store sales in April, according to preliminary reports, were down from March--possibly as much as 4 percent. Manufacturers' sales in March, though down slightly from January-February rates were around 5 percent above a year earlier on a seasonally adjusted basis. Manufacturers' orders also edged down in March but unfilled orders of durable goods industries continued to ease only slightly. Output of the Nations's factories and mines has held steady in recent months, at a level about 3 percent above the early months of 1956. However, in April the Federal Reserve Board's seasonally adjusted index of industrial production dropped one point and declined to the level of last September or 145 percent of 1947-49. The April decline was due to reduced automobile and television assemblies and reduction in output of crude oil and bituminous coal. New construction put in place during the first 4 months of the year was at a seasonally adjusted rate of 44.5 billion dollars, 2 percent above a year ago. All the increase was in the public sector as the 1.3 billion dollar drop in home-building was not entirely offset by increases in other forms of private construction.

After a surge in inventory buildup in the closing months of 1956, business firms reduced stocks at the retail and wholesale levels in the first quarter of this year. The value of nonfarm inventories declined at an annual rate of nearly one billion dollars during January-March 1957 compared with a rise of 4.4 billion during the fourth quarter of 1956. Current inventory levels relative to sales are lower than in recent months.

The general upward movement of major economic indicators masks uneven progress in various parts of the economy. Industries supplying capital goods for business expansion--manufacturers of machine tools, machinery, and structural steel--have generally been producing at a higher rate than last year. Large orders from the railroads have pushed production of railroad equipment to 20 percent above last year. In response to increased orders by Government and private airlines, output of aircraft industries is also running about a fifth above a year ago. Orders for tankers have kept the shipyards going at full capacity and output of the chemical industry continues its upward trend. In these industries producing products for which demand is expanding, sales, employment and weekly wages have been high and inventories have continued upward.

On the other hand, auto sales have not yet reached levels anticipated early this year. A surge of sales during the last ten days of April, following a sharp decline earlier in the month, brought auto sales up to last year's level. The operation of the steel industry in the last week of April and early May dipped below 90 percent of capacity for the first time since August 1955, except for last summer's strike. There have also been sharp declines in output, sales and employment in industries associated with homebuilding and home-furnishing, such as clay, glass and lumber products, and consumers durable goods. Private residential housing starts in April were at a rate of 940,000 units, above February and March, nearly a fifth below April 1956 and the lowest number for April in 8 years. The drop has been in federally financed (VA and FHA) housing.

Despite these soft spots, economic activity continues high. Employment in April totaled 64.3 million, a new high for the month and up somewhat more than seasonally from March. Nonfarm employment is currently nearly 1 million above a year ago, due largely to a rise in all major groups of nonmanufacturing industries: construction, State and local Government, and service industries. The number of production workers in manufacturing is below a year ago, however. Employment in the machinery and transportation industries in January-March this year was moderately above a year earlier. But the gain was more than offset by sizable reductions in primary metals, lumber and wood products, most durable consumer goods, textiles, and other nondurable goods. By April, only the transportation equipment, paper, printing, and related industries employed more production workers than a year ago.

Investment in plant and equipment has reached a record rate and will remain relatively high for the rest of the year. The latest McGraw-Hill survey of business plans for investment in new plant and equipment indicates

that such expenditures during 1957 would be about 12 percent above last year, with the biggest increases in utilities. Purchases by Federal, State, and local Governments in the first quarter were up 3.5 percent from the fourth quarter of 1956 and 8 percent from a year ago. This uptrend in Government spending is expected to continue in coming months. Residential housing may pick up later this year. The increase in April housing starts was more than seasonal, there has been some easing in the mortgage market, and the upward trend in other construction costs has been halted in some areas. If demand expands as expected, further inventory liquidation may be halted and in fact some build up in inventories may become necessary. The steel industry expects a pickup in operations later this year.

Agricultural Exports

Agricultural exports through March of this fiscal year totaled a record 3.6 billion dollars or 45 percent more than in the same period a year ago. Much of the increase has resulted from competitive pricing of cotton and other export programs. Exports of cotton, wheat, rice, soybeans and soybean oil are notably ahead of a year ago; exports of feed grains, tobacco and (primarily donations) of butter are considerably below last year. If exports during April-June merely equal the \$1 billion of a year earlier, exports for the year as a whole will be one-third above 1955-56.

The Senate has passed and the House has before it bills extending PL 480 for another year until June 30, 1958. The bills provide an additional 1 billion dollar (CCC cost) foreign currency sales authority and add 300 million dollars more for donations.

FARM INCOME

Farmers received 8.4 billion dollars from marketings in the first 4 months of 1957, up 3 percent from 1956. Prices averaged nearly 4 percent higher but marketings were down slightly. Receipts from livestock and products of 5.3 billion dollars were 6 percent above the corresponding period in 1956. Receipts from meat animals and dairy products were up substantially from a year ago because of higher average prices. Prices of eggs and all types of poultry were lower, however, and total receipts from poultry and eggs were down. Crop receipts were 3.1 billion dollars, about the same as last year. Marketings of crops and average prices were about the same as a year ago. Receipts from wheat and cotton were lower, but corn and soybean receipts rose substantially.

Total receipts from marketings in April were approximately 1.9 billion dollars, up 3 percent from April 1956 because of higher average prices. Receipts from livestock and products are estimated at 1.4 billion dollars, 7 percent above a year ago because of higher prices of meat animals and milk. Crop receipts of 0.5 billion dollars were about 4 percent below last year. Smaller receipts from potatoes and wheat were partly offset by larger receipts from corn and soybeans.

LIVESTOCK AND MEAT

Meat production is down this year from its 1956 record and prices of meat animals have improved significantly. Current prices are also up seasonally. Prices are expected to continue above depressed levels of the last two years.

Rains and snows revived grass in the Southwest and other areas that were dry last year. Prices of stocker cattle have increased more rapidly as ranges improved and in mid-May were \$3.00 per 100 pounds above a year earlier. Reduced cattle and hog inventories also are contributing to higher livestock prices this year.

Prices of stocker and feeder cattle are expected to pass a spring peak and then decline seasonally. Prices of fed cattle may rise gradually to a late fall high. Prices of hogs will be seasonally high during the summer, then decline this fall. Feeder cattle prices, supported by fewer calves and yearlings carried over from last year, will likely continue above 1956. With cow numbers also reduced and some unusual losses in the southern plains from storms in March and April, the calf crop will probably be down from last year.

On April 1 there were 4 percent more cattle on feed than a year before. Slaughter of fed cattle will stay large the rest of 1957. But because fewer grass cattle will go to slaughter, total slaughter will probably average lower than last year during the rest of 1957.

Hog prices will probably be seasonally highest from mid-June to mid-August. An above-average spring hog-corn price ratio such as this year's is usually followed by a substantial rise in fall farrowings. Producers have intended to keep the increase moderate this year, as indicated by the April 9-States intentions report. If, as seems likely, it should be in the neighborhood of 4 to 6 percent, prices next winter would probably fall below a year earlier but average close to the last 3 years. A greater production increase would risk a more serious price break.

Higher lamb prices reflect reduced slaughter of sheep and lambs and general price strength for all meat animals. Seasonal declines are likely this summer, but it is possible that prices will continue to average a little higher than last year.

Consumption of all meat in 1957 is forecast at 159 pounds per person compared with a record 167 pounds in 1956. Consumption will be down about equally for beef and pork. Retail prices of pork will be above last year until near the end of 1957. Retail prices of Choice beef, also currently higher than a year ago, may continue higher for a few months. Early this fall, however, they may be equal to or below last fall when prices advanced temporarily.

DAIRY PRODUCTS

Prices for milk have declined seasonally, reflecting lower prices for fluid milk in a number of markets and an increased proportion utilized in manufactured dairy products. Also, the average fat test has declined seasonally. In April, the average price of all milk delivered to plants and dealers was \$3.99 per 100 pounds, 4 percent above April 1956 price. After May or June, prices will rise seasonally and for 1957 as a whole probably will average a little above the \$4.15 of 1956. The price received for butterfat is at the equivalent of support prices, averaging 59.1 cents per pound in April compared with 57.9 cents a year earlier.

Production of milk continued at a record high level through April. On May 1 production of milk per cow in herds kept by crop correspondents was 4 percent above the record of a year earlier, indicating heavy production continued into May. Output of milk in the first 4 months of 1957 was 41.6 billion pounds, compared with 41.5 billion a year earlier when there was an extra day in February. Pasture conditions were considerably better than on May 1, 1956. Milk production is affected more by variations in pasture conditions in late spring and summer. However, when pasture conditions are poor, dairymen generally use more concentrates and may even ship in roughages. Present indications continue to point to a new record high milk production in 1957, above the 125.7 billion pounds of 1956.

In recent weeks, use of milk in fluid form has absorbed all of the increase over last year in milk output and less butter and cheese have been produced. The larger consumer incomes apparently are offsetting the effects on milk consumption of the record high retail price of fluid milk. The Special Milk Program also is absorbing a larger quantity than at any time before.

With both larger volume of milk to sell and higher prices, farmers will receive an increase in cash receipts from milk this year over 1956. The net, however, probably will not be up as much, since larger output will require greater inputs, and except for feed and a few other items, costs will be higher than last year.

Price support purchases of dairy products in the new marketing year which began April 1, have been near year-earlier levels and with average weather will about equal last year's purchases, for 1957 as a whole. In the marketing year ended March 31, the U. S. Department of Agriculture bought the equivalent of 5.2 billion pounds of milk, 4.1 percent of production. Disposition of CCC stocks continues at a relatively high rate and unsold supplies in early May consisted of 38 million pounds of butter, 158 millions of American cheese, and 61 millions of nonfat dry milk.

POULTRY AND EGGS

Through April, the 1957 hatch of replacement chicks was about one-fifth smaller than a year earlier. Hatchings in the month or two following

may recover somewhat in relation to last year, but a smaller number of laying pullets for this fall and winter is assured. Total egg production in the last quarter of 1957 will be lower than in that period of 1956.

The effect of the decline in the number of pullets on egg production will be partly offset by retention of more hens for a second year of laying and a further increase in the fall rates of lay per bird. But monthly egg production by fall is likely to be below a year earlier. Egg prices by late summer may rise above a year earlier in anticipation of fall production cuts. Mid-April egg prices received by farmers averaged 30.8 cents per dozen, compared with 38.5 cents a year earlier. In 1956 there was practically no seasonal price increase.

In the fall of 1956 and in February and March 1957 the Department of Agriculture bought about 900 thousand cases of medium and large eggs, mostly for School lunches. Since March 28 the purchases have been shifted to dried egg solids, and purchases through mid-May were 3.0 million pounds (equivalent to 300 thousand cases).

Broiler production continues ahead of last year's rate with current prices close to the year ago level. Marketings of young farm chickens late this summer will be down from last year by about one-fifth, in line with the cut in replacement chickens raised. This, plus expected reductions from last year in red meat supply, may hold summer broiler prices at or even slightly above last year's prices despite the continued large production. The mid-April average broiler price to producers was 19.1 cents per pound compared with 20.8 cents a year earlier and 19.6 cents as the 1956 annual average.

The 1957 turkey crop will be a record, exceeding the 77 million birds raised in 1956. Farmers in January intended to raise 10 percent more turkeys than last year. January and February hatchings increased by even larger percentages, but the March and April hatches and May 1 eggs in incubators were up only about 3 percent from a year ago. Turkey price outlook is clouded by 137 million pounds in storage on May 1, more than double a year earlier. Wholesale prices for frozen turkeys in New York City are as much as 18 cents below last year.

OILSEEDS, FATS AND OILS

Soybean prices were steady during the past month and continue slightly above support. In mid-May, soybean prices were about 25 percent below a year earlier. Crushings of soybeans during April are estimated at about 27 million bushels. Total so far this season is about 193 million bushels compared with 174 million a year ago. Soybean exports the first seven months this season are running over 9 million bushels above last year. Total exports for the current marketing year are likely to be a record 80 million bushels. Prices for soybean oil and meal sagged considerably the past few months resulting in a narrowing of the spot price spread between the cost of soybeans and the combined value of products.

In mid-April 51 million bushels of soybeans remained under support. CCC will take over most of these beans since prices are likely to remain at current levels through May 31 when loans mature.

Soybean oil prices (crude, Decatur) moved up sharply from 12.5 cents per pound in October to a peak of 14.4 cents in January, reflecting strong export demand for edible vegetable oils. Prices since January have declined each month and in mid-May were 11.6 cents per pound, about 4 cents below May 1956. Prices through the rest of the season are likely to be maintained near present levels.

Flaxseed prices in mid-May were about 10 percent below the 1956 support price and 20 percent below last May, reflecting the domestic surplus situation and increased world exportable supplies. CCC is expected to acquire all of the nearly 17 million bushels under support in mid-April, about one-third of the 1956 crop. The take-over period began on May 1 and sales in the domestic and export markets will be made periodically, as stocks are acquired.

Lard prices (tanks, loose, Chicago) increased sharply from about 12 cents per pound in October to 14 cents in January, reflecting a smaller current output. Prices then slipped somewhat and in mid-May were 11.3, about the same as a year earlier. The seasonal peak in lard production has passed. Lard exports dropped sharply from the previous year reflecting higher export prices following reduced hog slaughter. Domestic disappearance is up significantly due almost entirely to the increased use of lard in shortening. Inedible tallow and grease prices remained relatively stable this season and production probably is now past its seasonal peak. Exports were large although lagging somewhat behind a year earlier. Domestic consumption is running about the same as last year.

The 1956 peanut crop provided more peanuts than required for food and farm uses. About 25 percent of the crop was placed under the support program and most of that under support will be acquired by CCC. By mid-May CCC had diverted for crushing and export about 165 million pounds (farmers' stock equivalent) of the 1956 crop. U. S. farm prices for the 1956 crop averaged 11.1 cents per pound, slightly less than the national support rate.

Any peanuts CCC carries over into the next crop year and offers for sale for edible use will be sold at not less than 105 percent of the 1956 or 1957 crop support price, whichever is higher, plus actual carrying charges to date of sale October 1, 1957, whichever is earlier. Any shelled peanuts' carried over and offered for sale will be sold on a similar basis. Minimum prices would include costs of shelling, transporting, and storing in shelled form.

Total consumption of shelled peanuts in April-August 1957 is likely to be up considerably from the relatively low level last year. Reported use of shelled peanuts in candy, peanut butter, and other food products in September 1956-March 1957 was almost 6 percent above the previous year.

Crushings of peanuts and output of peanut oil during this period were up sharply from a year earlier, reflecting primarily the Department's diversion operation. Domestic consumption of peanut oil is running slightly higher than a year earlier, reflecting somewhat lower prices.

FEED

Feed prices have been relatively stable in the past 2 or 3 months and in early May were generally a little lower than a year ago. Corn prices have made little seasonal rise this year and in early May they were substantially lower than in May 1956. They probably will continue lower than a year earlier this spring and summer. Prospects for the 1957 feed crops, however, will become increasingly important in influencing the price of corn and other feeds during the next few months. Prices of oats, barley, and sorghum grains, particularly the latter two, are expected to decline seasonally this summer if the growing season is favorable. Prices of high protein feeds averaged higher in the first half of the current feeding year than in 1955-56. They failed to increase this spring as they did a year earlier and in April and early May were somewhat lower. Prospects for 1957 feed crops in early May are more promising than a year ago as a result of generally ample soil moisture in most areas. Pastures and hay crops were much better than a year ago on May 1 and a little above average.

Record stocks of feed grains remained on hand April 1, about 6 percent more than a year earlier. Domestic disappearance of the four feed grains during October-March was maintained at about the same level as in the like period of 1955-56, while exports were a little smaller. The combined carryover of the four feed grains into 1957-58 is expected to total nearly 50 million tons. This would be 6 million tons more than at the beginning of the current season. A corn carryover of around 1,450 million bushels is in prospect, substantially above the 1,165 million carried over last year. Carryover of oats probably will be around one-third smaller than last year's record, while stocks of barley and sorghum grains carried over may not differ greatly from those of a year earlier. Continued favorable weather for feed crops through the 1957 growing season would result in another big feed grain supply in 1957-58.

The supplies of oilseed meals available for feeding in the 1956-57 feeding year are expected to set a new record of about 10 million tons, nearly 10 percent more than in 1955-56. This large tonnage reflects the marked increase in soybean meal production, which has more than offset a decline in cottonseed meal output in recent years.

The total quantity of feed grains placed under price support this year is expected to fall below the record of 18.2 million tons in 1955-56. The 398 million bushels of 1956 corn placed under price support through April 15 was well above the 366 million bushels of 1955 corn for the same period of 1955-56. Much smaller quantities of other feed grains were placed under price support.

WHEAT

The average price received by farmers in mid-April was \$2.05, compared with \$2.07 a month earlier and \$2.03 a year earlier. The high for the marketing year was \$2.09 in January. Cash wheat prices declined considerably since mid-April. No. 2 Hard Winter at Kansas City on May 14 was 16 cents lower, No. 1 Dark Northern Spring at Minneapolis was 7 cents lower and No. 2 Red Winter at St. Louis was 9 cents lower--prices since mid-month have advanced some reflecting the heavy rains in the Southwest. The price of No. 1 Soft White at Portland reached the high for the season during the first week in May, but subsequently declined 7 cents.

"Free" supplies of 1956-crop wheat on hand from now until July 1 are expected to be sufficient to take care of overall needs before the new crop becomes available. Additional supplies to meet export sales could be drawn from CCC supplies with subsidy payment-in-kind certificates. As a result, the seasonal decline in prices is expected to continue until the marketing of the new crop. The low for winter wheat probably will be reached in late June or early July, while the low for spring wheat will likely occur later.

Prices may again fall substantially below the announced loan. The price of No. 2 Hard Winter at Kansas City in July 1955 and 1956 averaged 21 cents below the announced rate. The difference between the market price and the loan in 1957 may not average this large. The export program which became effective September 4, 1956 has had an overall effect of raising the price level relative to the loan.

The carryover July 1, 1957 is now expected to be around 85 million bushels below the 1,033 million last July. The CCC may own or control all but around 75-100 million bushels, which compares with 54 million bushels of "free" wheat a year earlier and 32 million bushels 2 years earlier. Larger supplies of "free" wheat are now being carried by the private trade because it has taken over a larger share of exports under the new export program.

Winter wheat was forecast as of May 1 at 703 million bushels, 34 million more than the forecast of a month earlier. Even with this increase in winter wheat, it does not seem likely that total production in 1957 (the first forecast of the spring wheat crop will not be made until June 10) will be sufficient to cover domestic disappearance and exports so that a further reduction in the carryover by July 1, 1958 is very likely. However, supplies of "free" wheat from the prospective crop are expected to be fully ample to supply commercial exports in the coming year. The CCC is supplying wheat for exports covering barter, Title II of Public Law 480 and donations abroad.

In the 1957-58 marketing year, prices are likely to rise as the season advances and the heavy movement from farms slackens. For the marketing year as a whole, prices to growers are expected to average around the announced loan rate of \$2.00 as in 1956-57. During the previous 5 years (1951-55 crops) prices to growers averaged about 11 cents below the announced rate.

On April 19, the Secretary of Agriculture proclaimed marketing quotas on the 1958 crop of wheat and set the referendum for June 20, 1957. The Secretary also proclaimed the national acreage allotment of 55 million acres, which is the minimum permitted by law. At the same time, the Secretary set the minimum national average support price for 1958-crop wheat in the 36-State commercial area at \$1.78 per bushel, if quotas are approved. This price reflects 75 percent of transitional parity and compares with the average support price for the 1957 crop of \$2.00.

FRUIT

On May 11, remaining supplies of 1956-57 crop Florida oranges, most of which will be marketed this spring, were considerably larger than a year earlier. But remaining supplies of California Valencias, which will be marketed into next fall, were moderately smaller. In early May, grower prices for Florida oranges for fresh market shipment and for processing were considerably under a year previously. Terminal auction prices for California oranges also were much under a year earlier. Although remaining supplies of Florida grapefruit in early May were much smaller than a year previously, grower prices averaged lower. Supplies of California lemons are considerably larger than a year ago.

The 1957 crops of strawberries in the mid-spring and late-spring States are expected to be much larger than the record 1956 crops. Estimated production is substantially larger this year than last in the Pacific Coast States, which grow most of the strawberries that are processed by freezing. However, because of larger carryover stocks of frozen strawberries this spring and lower prices for berries for freezing, a higher percentage of this year's crop probably will be shipped to fresh markets. Prospective production of peaches in the nine Southern peach States is 12 percent larger than in 1956. Peaches from these States and California provide most of the fresh market peaches during June and July. May 1 prospects in California were for a larger crop of sweet cherries than in 1956, but for a smaller crop of plums. The California apricot crop is expected to be about as large as in 1956.

Weekly output of frozen concentrate from Florida Valencia oranges increased during late April and early May as these oranges ripened. By May 4 of the 1956-57 season, total production of frozen orange concentrate was over 49 million gallons, 1 percent larger than a year earlier. Stocks held by Florida packers were up 16 percent, the result of increased carryover stocks last fall and the larger current season pack. Total production of Florida canned citrus juices was about 32 million cases (24-2's), up 3 percent. With heavier carryover stocks last fall and lighter movement this season, stocks held by Florida packers on May 4 were up about 21 percent.

Packers' stocks of 9 canned deciduous fruits combined (apples, apple-sauce, apricots, RSP cherries, fruit cocktail including fruits for salad and mixed fruits, peaches, pears, sweet cherries and purple plums) on April 1, 1957 were nearly 32 percent larger than a year earlier. These stocks came from the record 1956 pack. Stocks of all items were up except apricots and cherries. In contrast, wholesale distributors' stocks of the first 7 items combined were down about 4 percent.

In addition, stocks of grapefruit segments and pineapple were down a little. Cold storage stocks of frozen deciduous fruits (excluding juices) were about 12 percent larger on May 1, 1957 than a year earlier.

COMMERCIAL VEGETABLES

For Fresh Market

Aggregate production of vegetables for fresh market this spring is estimated at 53.4 million hundred weight. This is 3 percent below that of 1956 but 11 percent above the 1949-55 average. The reduced tonnage compared with a year earlier is due principally to reduced acreage of a number of important crops, with most of the reduction in tonnage occurring in crops for early spring harvest. Among early spring vegetables, biggest reductions from last year occurred in production of sweet corn, onions, and tomatoes and a more moderate reduction in broccoli. Production promises to be larger for early spring cauliflower, cabbage, cucumbers and lettuce and for early-and mid-spring asparagus and snap beans. Aggregate production of late spring vegetables is expected to be about a tenth larger than a year earlier, with biggest increases in onions, tomatoes, cucumbers and asparagus and more moderate increases in cabbage, snap beans and watermelons. Production of sweet corn and lettuce is expected to be down slightly from a year earlier. Among other spring vegetables, prospects point to a larger production of lima beans, celery, and eggplant, and a smaller production of beets, carrots, green peppers, shallots, spinach, and cantaloups. Although there will be the usual overlap of marketings from the smaller early spring crops, total movement to market is likely to be larger in late spring than a year earlier, when supplies were curtailed because of cool weather and delayed maturity. If a more normal pattern of marketing prevails, prices received by farmers in late spring are expected to average below the relatively high levels of a year earlier.

Earlier reports indicate that for early summer harvest acreage of cabbage, carrots and cantaloups will be down from a year earlier while acreages of onions, green peppers and watermelons are expected to be up. For late summer harvest a larger acreage appears in prospect for onions and smaller acreages for cabbage and watermelons.

For Processing

Carryover of processed vegetables at the beginning of the 1957 pack year is expected to be much larger than the relatively light carryover of last year, and moderately to substantially above the 1949-55 average. Indications are that processors plan to cut acreage this year, but not as much as the 8 percent suggested in the acreage-marketing guide. Intentions reports indicate a cut of 3 percent in aggregate acreage of 9 vegetables for commercial processing. Processors plan to plant or contract 3 percent less acreage of sweet corn and green peas, 7 percent less acreage of beets for canning, 8 percent fewer acres of lima beans, and 11 percent smaller acreage of tomatoes for processing and cabbage for sauerkraut (contract acreage only). On the other hand, acreage of

winter and early spring spinach was 4 percent larger than last year, and reports point to a 7 percent larger acreage of snap beans, and a 10 percent larger acreage of cucumbers for pickles. If growing conditions should be about average, production of most crops would be down more than indicated reductions in acreage. Production of snap beans would be slightly below that of 1956, but output of cucumbers for pickles would probably be larger.

POTATOES

Marketing of early spring potatoes have been a little lighter than a year ago, but with larger supplies of old crop potatoes available prices have averaged substantially lower. By early May late spring potatoes were moving in volume from Central California and by mid-May substantial quantities were being shipped from Alabama. Both of these areas reportedly have good quality and yield. Production of late spring potatoes is expected to be about a fifth larger than last year, and farmers have planted a slightly larger acreage for early summer harvest. With more old crop potatoes still to be marketed than a year earlier and larger supplies of new crop potatoes in prospect, prices to farmers in late spring and early summer are expected to continue substantially below those of a year earlier.

COTTON

The average price received by farmers for all cotton from the 1956 crop was tentatively estimated at 31.7 cents per pound. This was about 0.6 cents below the average for the 1955 crop. The support price for Middling 7/8-inch cotton at average location was 29.34 cents and for Middling 1-inch cotton it was 32.74 cents.

The farmer's price generally has declined since 1950. It was down steadily from 1950-51 to 1953-54, up slightly in 1954-55, then declined in subsequent seasons. The 1956-57 price was the lowest since 1949-50.

On April 25, 1957 Public Law 85-28 was signed by the President. This law fixes the price support level for extra-long staple cotton at 75 percent of parity, the same level as the 1956 crop of this cotton.

The disappearance of cotton in the 1956-57 season is now estimated at about 16-1/4 million bales. This compares with the disappearance in the preceding season of about 11.4 million. Most of the gain is from sharply increased exports, while domestic mill consumption declined.

The domestic mill consumption of all cotton is estimated at about 8-3/4 million bales, down from 9.2 million a year earlier. The decline is primarily due to inventory adjustment in textiles.

Exports of cotton during the current season probably will be about 7.5 million bales. This compares with 2.2 million in 1955-56. Sales of cotton by the Commodity Credit Corporation for export between August 1, 1956 and August 15, 1957 were about 7.6 million bales as of April 30, 1957.

Increased exports this year are caused by the CCC sales at competitive prices, decreased foreign free world cotton production with increased consumption, and the replenishment of foreign free world stocks of cotton which were very low on August 1, 1956.

The supply of cotton in the U. S. during the 1956-57 season is a record high of about 27.8 million bales. The previous record was 26 million bales in 1955-56. The 1956-57 supply includes a record starting carryover of 14.5 million bales, production of approximately 13.2 million, and estimated imports of about 0.1 million. The carryover on August 1, 1957 probably will be about 11.5 million bales, about 3 million smaller than a year earlier.

About 3 million acres of upland cotton have been placed under the acreage reserve program. With sign-ups now completed, acreage under reserve will cut the harvested acreage to below the 17.6 total of State acreage allotments.

WOOL

Prices of most wools in domestic and foreign markets were somewhat higher in early May than a month earlier. The rise continued a general advance which began early in 1956. Boston quotations for some domestic wools were up as much as 10 cents per pound, clean basis, from the levels of early April. The average of prices received by domestic growers for shorn wool during April, the first month of the 1957 marketing season, was 50.9 cents per pound, grease basis, up 2.2 cents from the previous month and up 9.6 cents from April 1956.

During April the Commodity Credit Corporation sold the full monthly quota of 6 1/4 million pounds, actual weight, under the competitive bid sales program. An additional 7.9 million pounds were sold at schedule prices. Less than the monthly quota was sold during each of the two previous months. By the end of April, CCC held 41 million pounds, a reduction of 108 million pounds during the 18 months the competitive bid sales program has operated.

The average weekly rate of domestic mill use of apparel wool during March was 8 percent lower than a year earlier. The rate was below a year earlier for the fifth successive month. Total consumption during the first quarter was 11 percent below that of the first quarter of 1956. Mill use of carpet wool during the first quarter was about the same as a year earlier, but the average weekly rate of consumption during March was 9 percent higher than in March 1956. Prior to March it had been below a year earlier for 4 months in succession.

TOBACCO

Auctions for the 1956 Maryland tobacco crop began on April 30 and will be open until early August. Sales through May 10 totaled 5.9 million pounds and averaged 51.2 cents per pound, compared with 54.8 cents a year earlier. The Government support level is 47.0 cents per pound. About 13 percent of the

deliveries were placed under loan during the first 2 weeks of sales. Last year, prices averaged higher in May than in the rest of the season and the season average was 50.2 cents per pound.

The 1956 crop of Maryland, which is now being sold, is estimated at $38\frac{1}{2}$ million pounds--22 percent larger than the 1955 crop which was reduced by storms. Based on growers' intentions as of March 1, this year's acreage of Maryland tobacco will be about one-tenth less than in 1956. The April 1, 1957 stocks of Maryland tobacco in the hands of dealers and manufacturers totaled $60\frac{3}{4}$ million pounds--12 percent lower than a year earlier.

The Department of Agriculture announced the minimum price support levels on April 26 for several kinds of tobacco. The minimums for flue-cured, burley, and Maryland were 50.7, 51.5 and 47.8 cents per pound, respectively. For the eligible cigar types, the minimums range 23.2 to 53.3 cents per pound. These minimums reflect 90 percent of the parity prices as of March 15, 1957. If parity prices should advance by the beginning of the marketing year--July 1, 1957 for flue-cured and October 1, 1957 for other types--the support levels will be recomputed to reflect proportionate increases. Otherwise, the minimums will become the actual support levels for the 1957 crops.

Output of cigarettes during the first three-fourths of the current fiscal year was nearly 4 percent above the comparable period of a year earlier, but output of cigars was down a little. Output of smoking and chewing tobacco in July 1956-March 1957 was about 5 percent less than in the same period of a year earlier, and snuff output was down about 2 percent.

Exports of unmanufactured tobacco during July 1956-March 1957 totaled 401 million pounds (declared weight)--17 percent less than in July 1955-March 1956. Flue-cured accounts for around 85 percent of total tobacco exports. Britain, the principal importer of flue-cured, took larger than usual amounts in 1955-56 in order to build up stocks but cut back imports this year. Other important export outlets taking less flue-cured in 1956-57 were West Germany, Australia, Netherlands, and Belgium. Also, a sharply reduced quantity went to the Philippine Republic where production of flue-cured has increased greatly in the last 2 or 3 years.

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